



United States Department of Agriculture
Farm and Foreign Agricultural Services
Risk Management Agency

BULLETIN NO: MGR-03-003

TO: All Reinsured Companies
All Risk Management Field Offices
All Other Interested Parties

FROM: Ross J. Davidson, Jr. /s/ Ross J. Davidson, Jr. 2-21-03
Administrator

SUBJECT: 2003 Targeted States Crop Insurance Financial Assistance Program

BACKGROUND:

Section 524(b) of the Federal Crop Insurance Act (Act) authorizes the Secretary to provide financial assistance to producers in fifteen targeted States for certain risk mitigation practices. Specifically, a producer may use such assistance to enter into contracts designed to reduce production, price, or revenue risks. However, section 524(b) of the Act restricts this program to producers in Connecticut, Delaware, Maine, Maryland, Massachusetts, Nevada, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Utah, Vermont, West Virginia and Wyoming.

To assist producers in reducing their production, price or revenue risks, the Risk Management Agency (RMA) will provide financial assistance to producers purchasing crop insurance policies in these States. Specifically, the financial assistance will apply to that portion of a producer's premium remaining after the premium has been reduced by the amount of the premium subsidy authorized in section 508(e) of the Act. Pursuant to section 524(b) of the Act, funding will be provided through the Commodity Credit Corporation (CCC).



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The Risk Management Agency Administers and Oversees
All Programs Authorized Under the Federal Crop Insurance Corporation

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ACTION:

The financial assistance program will be offered in accordance with the following:

1. Financial assistance will be available for all producers purchasing eligible crop insurance policies in the States of Connecticut, Delaware, Maine, Maryland, Massachusetts, Nevada New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Utah, Vermont, West Virginia and Wyoming.
2. RMA will provide financial assistance for all 2003 crop year buy-up policies (except as excluded in paragraph 3) with sales closing dates on or after the date of issuance of this bulletin, and with acreage reporting dates prior to September 30, 2003. For nursery policies, financial assistance will be available for only those policies for which the signature date of the policy is on or after the date of this bulletin, and which meets all other nursery rules and regulations.
3. Policies not eligible for financial assistance include all catastrophic risk protection policies and those under the Livestock Risk Protection and Livestock Gross Margin plans of insurance.
4. Financial assistance under this bulletin will not be provided for policies under the Adjusted Gross Revenue and Adjusted Gross Revenue-Lite plans of insurance, since a separate financial assistance program is available for these policies for 2003 (see MGR-02-033).
5. RMA will provide financial assistance for all eligible policies as shown in the table below.

Coverage Level	Financial Assistance Factor**
50 (buy-up only)	.10
55	.15
60	.20
65	.30
70	.40
75	.50
80*	.50
85*	.50

* Where available

** RMA has limited funding available. If participation in the financial assistance program results in an amount of financial assistance that exceeds the amount allocated, the financial assistance factors will be reduced on a pro rata basis for all producers participating in the program, and will be reflected in producers' billing statements.

6. No portion of any administrative fee will be paid by RMA under the financial assistance program.
7. In accordance with paragraph 13, the financial assistance payment will be limited such that the total of subsidies and financial assistance payments does not exceed 90 percent of the total premium (also referred to as base premium by RMA) for any policy.
8. No additional application is necessary to qualify for the financial assistance program. Companies must apply the financial assistance automatically to all eligible policies.
9. For premium calculation and data submission purposes, reinsured companies are directed to use the field identified as "Additional Subsidy" to apply the financial assistance for all applicable record types. The calculation of producer premium is as follows:

$\text{Total Premium} \times \text{Subsidy Rate} = \text{Dollar Amount of Subsidy}$

$\text{Total Premium} - \text{Subsidy} = \text{Preliminary Producer Premium}$

$\text{Preliminary Producer Premium} \times \text{Financial Assistance Factor} = \text{Financial Assistance Dollar Amount}$

$\text{Preliminary Producer Premium} - \text{Financial Assistance Dollar Amount} = \text{Producer Premium Owed}$

For example, a producer purchases a policy at the 65 percent coverage level with a total premium of \$1,000. The premium subsidy rate is 59 percent. The dollar amount of premium subsidy is \$590 (\$1,000 x .59). The preliminary producer premium is \$410 (\$1,000 - \$590). The amount of financial assistance dollar amount would be \$123 (\$410 x .30). The producer premium owed is \$287 (\$410 - \$123).

10. For billing purposes, all reinsured companies will deduct the financial assistance from the preliminary producer premium on the billing statement.
11. In order to determine expenditures timely and accurately, all reinsured companies should submit all information through the Data Acceptance System (DAS) for Manual 13 record types 11 and 13 within 30 days of the applicable acreage reporting date.
12. All reinsured companies must submit to RMA by September 19, 2003, a list of all policies receiving financial assistance for which Manual 13 information was not accepted by the Data Acceptance System (DAS) as of the September accounting cut-off date of September 13, 2003. This list must contain the policy number, the plan of insurance, and the amount of financial assistance (Additional Subsidy) for each such policy. Please submit this list electronically in Microsoft Excel format to Lee Z. Ziegler at lee.ziegler@wdc.usda.gov.

13. Section 524(b)(3) of the Act provides that the total amounts of payments made to a person (as defined in section 1001(5) of the Food Security Act (7 U.S.C. 1308(5))) for any program authorized under section 524(b), including this financial assistance program, for any year may not exceed \$50,000. RMA will coordinate with other USDA agencies as necessary to apply this limitation.

DISPOSAL DATE:

This bulletin may be disposed of after December 31, 2003.